



To: Chairs, Joint Standing Committee on
Innovation, Development, Economic Advancement and Commerce

From: Dr. Brien Walton, Chair, Board of Directors
Joe Powers, Managing Director

Date: December 20, 2022

Re: Periodic Report for Fiscal Year 2022

Overview

Maine Venture Fund (“MVF” or “Fund”) was established through legislation in 1996 as the Small Enterprise Growth Fund. Maine Venture Fund is the “doing business as” name for the Fund. The Fund was created to address the paucity of risk capital in Maine for early-stage companies that have the potential to expand significantly and therefore contribute to the growth of Maine’s economy. Statutory authority for the Fund resides with an eleven-member Board of Directors actively working with and overseeing the efforts of a small professional staff.

The Fund invests in innovative Maine companies that are relatively early stage and therefore too risky for traditional sources of capital, like banks. Typically, MVF organizes the capital raise process, mobilizing experts and potential co-investors. We are proactive investors, working closely with entrepreneurs and other investors to help our companies grow. The companies in which we invest have a unique product or service in a rapidly growing sector and possess the potential to provide a very strong return on investment and make a significant impact on the State’s economy.

Below is a formal summary submitted annually, per statute. It provides detail on our charter, history, status, and key plans.

We look forward to working with you on issues related to innovation and economic development and particularly capital access issues, especially as policy proposals are crafted to operationalize the various State and Federal pandemic recovery programs that remain ongoing in the wake of the Covid-19 pandemic.

PO Box 63, Newport, ME 04953
207.305.0006
www.MaineVentureFund.com

Maine Venture Fund invests in Maine businesses that have the highest potential for growth and impact.



2022 Periodic Report

We respectfully submit this Fiscal Year 2022 Periodic Report as required by 10 M.R.S.A. §388(1), providing a detailed review of the Fund's activities and status.

It has been a busy and positive eighteen months, from July 1, 2021 through December 2022. Ten companies new to the portfolio received investments, and fifteen follow-on investments were made in existing portfolio companies. There are currently 36 companies in the MVF portfolio.

Overall, the Fund's portfolio is healthy given the macroeconomic (i.e. inflation) and state-level (i.e. aging population) challenges that Maine companies are navigating, to name just two. Despite this headwind, FY '22 was a record investment year as our second highest year of total investment ever as companies are increasingly viewing Maine as a viable place to start and scale innovative ideas. MVF was also recently approved by the Finance Authority of Maine ("FAME") to assist in allocating \$20M in federal funding through a U.S. Department of Treasury stimulus program called the State Small Business Credit Initiative ("SSBCI"). MVF will deploy that funding through equity investments, alongside other investors, as quickly and prudently as possible over the near term.

Since 2017, nine portfolio companies have been sold to larger businesses providing returns to founders and investors, including Maine Venture Fund. It should be noted that all nine of the companies that "exited" the portfolio remain in Maine and are contributing even more significantly to the economy and prosperity of Maine. The capital returned from those investments, over 10 million, is now back in the fund and being invested in other promising scalable Maine companies. These successful exits underline the beneficial economic impact that Maine Venture Fund can have while providing a positive return on the State's investment.

In fiscal 2022 and through December 2022, the Fund invested a total of \$3,976,421, which included:

Initial investments totaling \$1,000,000 in six new companies in FY22:

- [Circa Labs, Inc.](#), developer of flexible payment platform for renters and building owners;
- [Good to Go, Inc.](#), creator of delicious, on-the-go meals for adventurers;
- [Kinotek, Inc.](#), developer of digital platform for digital therapists;
- [Senscio Systems, Inc.](#), developer of automated chronic health management support;
- [Solve Finance, Inc.](#), digital platform to help households reduce debt;
- [Tanbark Molded Fiber Products, Inc.](#), manufacturer of custom, sustainable molded fiber packaging.

PO Box 63, Newport, ME 04953
207.305.0006
www.MaineVentureFund.com

Maine Venture Fund invests in Maine businesses that have the highest potential for growth and impact.



New Portfolio Companies in FY22

 Flexible payments platform for renters and building owners https://www.wearecirca.com	 Delicious, on-the-go meals for any adventure https://goodto-go.com	 Digital health platform for physical therapists https://kinotek.com
 Automated chronic health management support https://www.sensciosystems.com	 Digital platform to help households reduce debt https://www.solve.finance	 Custom, sustainable molded fiber packaging https://www.tanbarkmfp.com

Additional investments were made in the first half of FY23 totaling \$700,000:

- [Bookclubz, Inc.](#), developer of web-based book club manager, locator and reading community;
- [Accelera, Inc.](#), developer of a wearable medical device to improve life and support movement for the millions of children and adults that live with neurological deficits; and
- [Alakazam, Inc.](#), developer of an immersive web platform for businesses;
- [The Humane Space, Inc.](#), developer of a platform to encourage lifelong learning and create a daily practice of curiosity and introspection

Follow-on investments totaling \$2,226,421 were made in FY22 and through December 2022 in twelve existing portfolio companies to support growth:

- [American Unagi LLC](#), locally sourced, fresh live eels;
- [Defendify, Inc.](#), cybersecurity protection for small businesses;
- [Farming Fungi LLC](#), growers, and harvesters of locally grown mushrooms;
- [Gulf of Maine Sashimi, Inc. dba True Fin](#), provider of premium seafood from choice harvesters;
- [HighByte, Inc.](#), Industrial Internet of Things ("IIOT") service provider to manufacturers;
- [Maine Craft Distilling, Inc.](#), a farm to flask distillery producing small batch spirits
- [MedRhythms, Inc.](#), a digital therapeutics company that uses sensors, music, and artificial intelligence to build evidence-based neurologic interventions to measure and improve walking;
- [Ocean Approved, Inc. d/b/a Atlantic Sea Farms](#), harvester and processor of Maine kelp;
- [Orono Spectral Solutions, Inc.](#), offers unique, patented product sampling technology that can be used in a wide range of applications globally;
- [Pumpspotting, Inc.](#), social platform for breastfeeding mothers;

PO Box 63, Newport, ME 04953
207.305.0006
www.MaineVentureFund.com

Maine Venture Fund invests in Maine businesses that have the highest potential for growth and impact.



- [Reconnect, Inc.](#), technology that fights recidivism, incarceration and addiction;
- [Shellfish Solutions, Inc. dba Blue Trace](#), digital shellfish tagging, traceability and compliance;
- [Tanbark Molded Fiber Products, Inc.](#), manufacturer of custom, sustainable molded fiber packaging.

Several follow-on investments included the conversion of compounded or accrued Note interest to equity holdings. In total, \$148,652 in interest was converted to equity holdings in FY22 and through December 2022.

Current Status:

The capital returned from exits over the past five years, plus the nearly \$7 million that was added to the Fund over that period from the State of Maine, have put the Fund into a strong position to be able to support more early-stage companies that have scalable potential and, therefore, the potential to significantly contribute to the prosperity of Maine. Indeed, the Maine Venture Fund Board has recently adopted a more expansive posture than ever in the breadth and depth of the Fund’s offerings, including a more aggressive investment velocity. Many active, promising companies remain in the MVF portfolio and new companies are continuously added.

Even though the Fund has delivered many liquidity events over the past three years, there are still several portfolio companies that may be headed toward positive return exit events within the next few years. That said, year-to-year results and capital events are uneven; history shows there will be good and bad periods. Predicting when Maine Venture Fund will see a return on its invested capital is difficult due to this type of investing. The Fund’s returns typically occur when a company in which it has invested is sold to a larger company.

Maine Venture Fund was included in the FY18/FY19, FY20/FY21 and FY22/FY23 biennium budgets for a \$500,000 annual appropriation, with the FY21 appropriation reduced to \$450,000 per the Governor’s request of all agencies because of the pandemic. MVF heretofore had only one annual appropriation, in 2000. This steady stream of baseline funding is critical to ensure that MVF remains effective and visible as a resource within the Maine innovation economy ecosystem.

FY '22		Lifetime
\$2.6 M	Capital Invested	\$29.2 M
17	# of Investments	201
643	# Jobs Years	14,090
\$51.2 M	Co-Investment Catalyzed	\$265 M

PO Box 63, Newport, ME 04953
 207.305.0006
www.MaineVentureFund.com

Maine Venture Fund invests in Maine businesses that have the highest potential for growth and impact.



Impact:

We are proud of what the Fund has accomplished to date on behalf of Maine people. We have developed a process that is flexible and provides entrepreneurs with prompt decisions and guidance. Maine Venture Fund's Management Team and Board work closely with portfolio companies and companies of interest, analyzing each investment opportunity, serving as advisors, working with company boards, and helping source additional capital. The accompanying documents, graphs, and tables present data portraying the impact of the Fund.

Following are some of the highlights:

- As of the submission of this report, Maine Venture Fund has 35 portfolio companies that employ 643 FTEs. Jobs added in these types of growth companies are primarily high wage and high benefit. This number does not include an estimated 662 FTE's still in Maine at exited portfolio companies. Since 1997, Maine Venture Fund portfolio companies have created over 14,000 job-years, which are calculated as the cumulative of one job for one year for FTE employees for all portfolio companies. Many of these jobs have attracted talented technical, managerial, and sales/customer serviceworkers back to the State to join these exciting companies.
- Maine Venture Fund's successful execution of its mission over the years led FAME to allocate the entirety of the roughly \$5M million in State Small Business Credit Initiative (SSBCI) federal equity funds to MVF for deployment from 2014 to 2018. MVF will similarly take the lead in a revived version of the program "SSBCI 2.0" with the goal of deploying \$20M starting in Q4 2022, this time in league with other state-affiliated partners.
- Maine Venture Fund plays a key role in Maine's research & development (R&D) continuum from research to commercialization. Many companies that have successfully leveraged Maine Technology Institute ("MTI") and Maine Economic Improvement Fund ("MEIF") grants and loans are often not ready for traditional venture capital. Maine Venture Fund plays a critical role in filling that gap, helping to continue to shepherd those most promising companies. MVF brings guidance and expertise to portfolio companies, prospect companies, and companies at very early stages. A Maine Venture Fund investment complements and protects the investment of earlier resource providers like MTI (and ecosystem mentors, incubators, and accelerators) by improving those companies' chances for success and reducing the likelihood of stranded investments by MTI and others. Significant time is spent communicating and coordinating with other entities in the ecosystem - our shared goal is to serve the interests of the State and these companies by applying our distinctive competencies.
- Maine Venture Fund's mission and purpose are as critical now as when the Fund was

PO Box 63, Newport, ME 04953
207.305.0006
www.MaineVentureFund.com

Maine Venture Fund invests in Maine businesses that have the highest potential for growth and impact.



created. Sources of risk capital for Maine companies continue to be very limited. One of the critical functions of Maine Venture Fund is its ability to leverage and attract private capital to invest alongside. Our investments, paired with the appropriate guidance, position companies to be successful in raising larger investments from additional professional investors. To date, \$9 has been invested by other capital providers for each \$1 invested by Maine Venture Fund, or \$265M in outside funding catalyzed by nearly \$29M in funding from MVF.

- Maine Venture Fund works to create linkages to capital providers in and outside of Maine to bring more attention to Maine-based opportunities. Management and the Board cultivate and maintain relationships with early-stage venture capital funds, angel groups, and other investment professionals throughout northern New England. MVF often negotiates terms of investment with companies, providing a framework and catalyst for other investors to invest alongside with confidence that the security which they are purchasing is well structured and appropriately researched. Maine Venture Fund is an affiliate member of the national Angel Capital Association and an active member of the New England chapter.
- In 2020, Maine Venture Fund established a Social Equity subcommittee focused on examining Fund processes and practices to ensure maximum impact across diverse communities in Maine. The Fund enacted several changes to internal policies to better articulate our orientation towards Social Equity, conducted anti-bias training, clarified intent to hire and encourage diversity within both the Fund and companies in which we invest, and set a course for ongoing review of our performance in these areas.

Maine Venture Fund is an essential part of the State's continuum of support for innovative Maine companies, along with Maine Technology Institute, Finance Authority of Maine, and private investors like Maine Angels. We look forward to maintaining a strong partnership with the Legislature to ensure the Fund continues its important role in the enhancement of Maine's economic development.

We invite you to contact any of us at any time, and we encourage you to visit our [website](#).

Thank you for your support.

PO Box 63, Newport, ME 04953
207.305.0006
www.MaineVentureFund.com

Maine Venture Fund invests in Maine businesses that have the highest potential for growth and impact.



Digital copies of this report along with the Funds FY22 Audited Financials will be sent to:

Honorable Janet Mills, Governor

Heather Johnson, Commissioner, DECD

Denise Garland, Deputy Commissioner, DECD

SarahJoy Chaples, Small Business Development Manager, DECD

Joan Ferrini-Mundy, Chair, Maine Innovation Economy Advisory Board

Carlos Mello, Acting Chief Executive Officer, Finance Authority of Maine

William Norbert, Governmental Affairs Manager, Finance Authority of Maine

Brian Whitney, President, Maine Technology Institute

Amanda Ouellette, Library Associate, Law and Legislative Reference Library

PO Box 63, Newport, ME 04953

207.305.0006

www.MaineVentureFund.com

Maine Venture Fund invests in Maine businesses that have the highest potential for growth and impact.



Periodic Report for Fiscal Year 2022
(July 1, 2021 - June 30, 2022)

Contents

About Maine Venture Fund	
Governance.....	1
History.....	2
Summary of FY22 Investment Activity.....	4
Subsequent 2022 Investment Activities..	4
Economic and Social Impact	
Coinvestment.....	5
Job Creation.....	6
Intellectual Property.....	7
Diversity, Equity and Inclusion.....	8
Portfolio Returns.....	9-10
Ecosystem Building and Education.....	11
Portfolio Company Summaries.....	12-27
Board.....	28
Management Team.....	33
FY22 Audited Financial Report	

PO Box 63, Newport, ME 04953
207.305.0006
www.MaineVentureFund.com

Maine Venture Fund invests in Maine businesses that have the highest potential for growth and impact.

About Maine Venture Fund (“MVF”)

Governance:

Authority for the Fund resides with an eleven-member Board of Directors. The Governor appoints ten individual board members through the gubernatorial appointment application process, and the eleventh is an *Ex-Officio* seat for the Department of Economic and Community Development Commissioner (or designee).

The governing statute requires specific experience/knowledge requirements for each gubernatorial board seat appointment:

- *Five members must have relevant experience or background in early-stage investing, or in managing high-growth small businesses,*
- *Three members must have experience in the development of technological innovation,*
- *One must be involved in commercial lending, and*
- *One must be an attorney with experience in securities law.*

The function of the Board is to:

- *determine the Fund’s mission and purpose in keeping with the Statute;*
- *approve investments to qualifying small Maine businesses;*
- *provide ongoing support and guidance to, and evaluation of, the Managing Director and management team;*
- *provide ongoing support and guidance to portfolio companies in pursuit of the Fund’s twin goals of driving financial returns and supporting companies in the creation of high-quality jobs and other community benefits; and*
- *work closely with the Managing Director in keeping the Legislature and Governor apprised of the Fund’s activities.*

This highly experienced Board devotes a tremendous amount of volunteer time from their busy professional schedules to help make the Fund successful in reaching the goals of its mission.

History:

The Small Enterprise Growth Fund, now doing business as Maine Venture Fund (“Fund” or “MVF”), is the State of Maine’s venture capital fund. The Fund was created by statute in the 117th Maine Legislature in 1996, and as of February 2022, has received \$20,450,000 in capital from the State, through both economic development bond proceeds and appropriations from the Governor’s annual budget, beginning in FY19. Maine Venture Fund recycles returns and pays its annual expenses from the Fund itself for a total investment amount directly into Maine companies of \$28,736,104¹ during the lifetime of the Fund.

In addition to State resources, MVF has successfully invested Federal funding into Maine-based companies. In September 2011, the Finance Authority of Maine (“FAME”) received approval from the U.S. Department of the Treasury to administer \$13.2M in federal funding through the State Small Business Credit Initiative (SSBCI). In recognition of the Fund’s role as a key resource for high growth startups in Maine, FAME chose to allocate at least \$4.3 million to the Fund to support its mission. Given MVF’s ability to deploy capital quickly and effectively with a high ratio of matching co-investment, the Fund was ultimately awarded \$4,953,645 which was fully dispersed prior to the official close of the program in May 2019.

In October 2022, the SSBCI program was re-invigorated with \$62M in additional federal capital for Maine, with \$20M directed towards equity funding. MVF has been officially approved as one of several state-affiliated entities to deploy these equity funds and is just beginning to do so as of this report.

Maine Venture Fund is a competitive venture capital fund, meaning many business plans are reviewed, but the Fund invests, after thorough due diligence, in only those companies that stand out as providing the combination of best expected return on investment and the greatest positive impact on the State.

Maine Venture Fund seeks to accomplish the Fund’s mission in partnership with other public and private entities engaged in the entrepreneurial and small business marketplace in Maine, including FAME, Maine Technology Institute (“MTI”), DECD, CDFIs and EDDs like Coastal Enterprises, Maine Accelerates Growth (“MxG”), privately managed venture capital funds, individual investors, whether in organized angel groups, like Maine Angels, or not, and entrepreneurs and small business owners throughout the State of Maine.

Since its first investment in December of 1997 through June 30, 2022, the end of FY22, the Fund has invested \$28,736,104 in 82 Maine companies and had a portfolio of 33 companies. By the end of

¹ As of 6/30/22

the 2022 calendar year, the Fund estimates it could reach over a total of \$29.5 million in investments in 88 Maine companies.

For every \$1 invested by the Maine Venture Fund, other private investors have typically invested an additional \$9, providing significant leverage on Maine Venture Fund dollars.



Summary of FY22 Investment Activity (7/1/21 - 6/30/22)







Company Name	County	Security	Activity Date	Investment	Accrued Interest (Notes)	# of FTEs	Type
Abierto Networks LLC	York		8/31/21		\$5,289	9	Int. Converted
American Unagi LLC	Lincoln	Series A Mbr Int	7/6/21	\$ 100,000.00		8	Follow On
Circa Labs, Inc.	Cumberland	Series Seed	3/31/22	\$ 250,000.00		6	New Investment
Defendify, Inc.	Cumberland	Series A-1 PS	2/1/22	\$ 250,000.00		15	Follow On
Defendify, Inc.	Cumberland		2/1/22		\$6,476.71		Int. Converted
Farming Fungi LLC	York	Term Note	9/23/21	\$ 75,000.00		16	Follow On
Good to Go, Inc.	York	Series A PS	5/6/22	\$ 250,000.00		28	New Investment
Gulf of Maine Sashimi, Inc. dba True Fin	Cumberland	Conv. Note	5/25/22	\$ 100,000.00		8	Follow On
HighByte, Inc.	Cumberland	Series Seed	11/23/21	\$ 200,000.00		10	Follow On
HighByte, Inc.	Cumberland		11/23/21		\$18,840.08		Int. Converted
KinoTek, Inc.	Cumberland	Series Seed	7/15/21	\$ 150,000.00		15	New Investment
Maine Craft Distilling, Inc.	Cumberland	Ser '22 Pref Units	2/7/22	\$ 100,000.00		21	Follow On
Maine Craft Distilling, Inc.	Cumberland		2/7/22		\$28,915		Int. Converted
MedRhythms, Inc.	Cumberland	Series B PS	7/16/21	\$ 218,575.31		36	Follow On
MedRhythms, Inc.	Cumberland		7/16/21		\$2,763.70		Int. Converted
Ocean Approved, Inc. dba Atlantic Sea Farm	York	Series A2 PS	8/27/21	\$ 256,178.81		15	Follow On
Ocean Approved, Inc. dba Atlantic Sea Farm	York		8/27/21		\$10,899.76		Int. Converted
Pumpspotting, Inc.	York	Series Seed	7/30/21	\$10,000.00		4	Follow On
Pumpspotting, Inc.	York	Conv. Note	5/13/22	\$100,000.00			Follow On
Reconnect, Inc.	Cumberland	Series Seed	11/16/21	\$200,000.00		9	Follow On
Reconnect, Inc.	Cumberland		11/16/21		\$31,309.59		Int. Converted
Senscio Systems, Inc.	Cumberland	Series B PS	3/18/22	\$ 100,000.00		21	New Investment
Solve Finance, Inc.	Cumberland	SAFE Note	5/11/22	\$ 50,000.00		7	New Investment
Tanbark Molded Fiber Products, Inc.	Cumberland	Series Seed	5/2/22	\$ 200,000.00		4	New Investment
<i>Total Funds Invested</i>				\$ 2,609,754.12			
<i>Total Accrued Interest Converted / Compounded</i>					\$104,494.04		
Grand Total FY22					\$2,714,248.16		

Subsequent Investment Activities - FY23 YTD (7/1/21 - Report Submission Date)

Company Name	County	Security	Activity Date	Investment	Interest (Notes)	# of FTEs	Type
Bookclubz, Inc. dba Bookclubs	York	Series Seed	9/27/22	\$ 200,000.00		8	New Investment
Tanbark Molded Fiber Products, Inc.	Cumberland	Series Seed	9/20/22	\$ 66,667.00			Follow On
Accelera, Inc.	York	Conv. Note	10/28/22	\$ 200,000.00		3	New Investment
Orono Spectral Solutions, Inc.	Penobscot	Series A1 PS	11/15/22	\$ 50,000.00		4	Follow On
Orono Spectral Solutions, Inc.	Penobscot		11/15/22		\$44,157.85		Int. Converted
Alakazam, Inc.	Cumberland	Series 2022A Conv Note	12/5/22	\$ 250,000.00		2	New Investment
Shellfish Solutions, Inc. dba Blue Trace	Hancock	Series Seed	12/14/22	\$400,000.00		6	Follow On
The Humane Space, Inc.	Knox	Conv. Note	12/16/22	\$50,000.00		3	New Investment
Pumpspotting, Inc.	York	Conv. Note	12/21/22	\$ 150,000.00			Follow On
<i>Total Funds Invested</i>				\$ 1,366,667.00			
<i>Total Accrued Interest Converted / Compounded</i>					\$44,157.85		
Grand Total FY23 to date					\$1,410,824.85		

Economic and Social Impact of the Fund

We measure the performance and impact of the Fund often and in a variety of ways:

-  Co-investment Catalyzed
-  Job Creation
-  Intellectual Property
-  Diversity, Equity, and Inclusion
-  Portfolio Returns
-  Ecosystem Building & Education

The charts and graphs that follow provide information on the impact of Maine Venture Fund (“MVF”).

Co-Investment

MVF invests in Maine companies alongside other venture capital funds and individual accredited investors.

In FY22, MVF invested \$2,609,754 in seventeen Maine companies with an average investment of \$153,500 per company, accompanied by additional venture capital and angel investments of \$51.2 million, representing a leverage ratio of roughly \$18 catalyzed for every dollar of MVF investment.

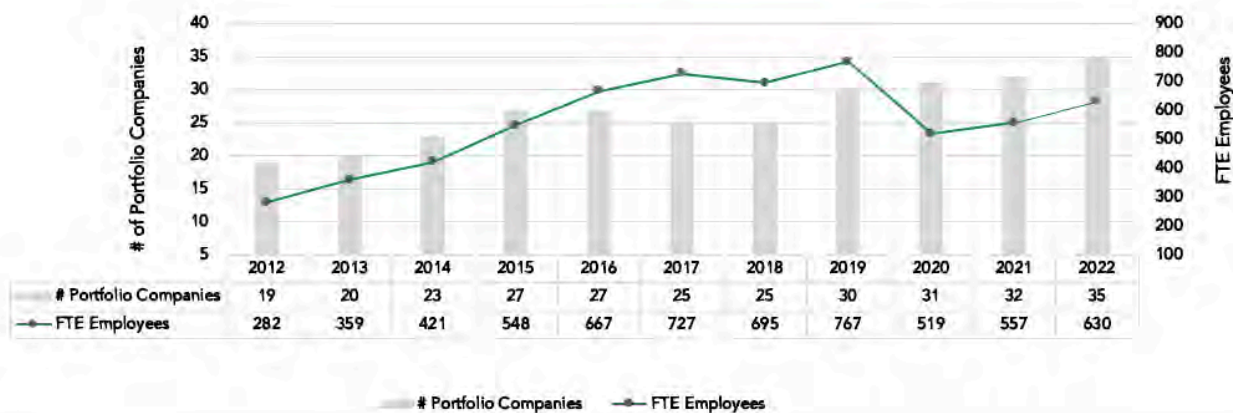
Since the Fund’s inception through December 31, 2022, MVF estimates it could reach an investment total of \$29.5 million in 88 Maine companies with an average investment of \$335,000 per company and will have catalyzed over \$265 million in additional venture capital and angel investment into Maine companies.


Job Creation

MVF portfolio companies provide careers to highly skilled, educated Maine professionals, and job opportunities for a range of skill levels as companies grow. Typical jobs include information technology, sales, marketing, and finance, including executive level positions. Additionally, MVF encourages diversity, equity, and inclusion best practices among its portfolio of companies, as well meaningful benefits and equity ownership for employees.

- Since 1997, MVF portfolio companies are estimated to have created over 14,090 job-years, which are calculated as the cumulative of one job for one year for FTE employees for all portfolio companies.
- In Fiscal Year 2022, MVF portfolio companies employed approximately 630 people.

**FTE Positions at MVF Portfolio Companies
2012 - 2022**



 **Intellectual Property**

Many MVF portfolio companies develop proprietary products, software, or brands; examples of which are listed here:

Patents & Patent Applications:

- **Aiko BioTechnology** - Primary US patent 6,713,488 entitled "Neutral Antagonists and the Use Thereof in Treating Drug Abuse" - issued 3/30/04 w/protection until 2020; Claim 25: "A method of alleviating adverse effects associated with opiod use by an individual in need thereof comprising administration to the individual of a therapeutically effective amount of a naloxone analog..."; Claim 29: "The method of claim 25 wherein the adverse effects of opiod use include alteration of gastrointestinal transit."; an International PCT has issued providing foreign coverage.
- **HighByte, Inc.:** Registered trademark (Class 9); copyrights on code base (internal/confidential).
- **MedRhythms, Inc.:** Licensing Agreement with Iverness Medical Innovations for the worldwide manufacture of tests for rapid detection of Mycobacterium.

U. S. patent US20170296116A1 "Systems and Methods for Neurologic Rehabilitation"; the company s developing digital therapeutics which use sensors software and music to support gait rehabilitation in adults suffer from neurologic injuries or diseases.
- **Mingle Health Care Solutions, Inc.:** U. S. patent 14/074,706, Prescription Smart Label System; 13/732,295, Method of Automated Electronic Health Record System. Silvervue #4,713,705 filed 1/13/14 and registered 3/31/15; SilverSearch #8753251; filed 7/18/17 and published 11/21/17.
- **Orono Spectral Solutions, Inc.:** Patent Nos. 8,393,198 & 8,613,214, "Apparatus and method for determining analyte content in a fluid"; US non-provisional 13/416,777 " Apparatus & Method for Pre-concentrating and Transferring Analytes from Surfaces & Measurement Thereof Using Spectroscopy".

US nonprovisional 13/416,777 for Clear Sampler: "Apparatus & Method for Preconcentrating and Transferring Analytes from Surfaces & Measurement Thereof Using Spectroscopy". Also, 8,393,198 "Apparatus and method for determining analyte content in a fluid".

 **Diversity, Equity and Inclusion (“DEI”)**

In 2020, Maine Venture Fund redoubled efforts to create impact across diverse communities in Maine, which included a review and modification of our screening process, investment criteria, internal processes and portfolio company governance best practices. MVF has adopted a method of “continuous improvement” in how we engage with these issues, with a standing subcommittee responsible for evaluating and ensuring progress. As part of this, the Fund began tracking several specific demographic metrics to better measure the impact we have across these communities.

- 53% of portfolio companies in CDFI identified Investment Areas
- 47% of Investment into Female-led companies last 5 years (vs. 2% industry-wide in 2021)
- 7% of Investment into BIPOC-led companies last 5 years (vs. 20% US SBA target)
- 32% of Investment into Maine heritage industries (farming, fishing, forestry) last 5 years

 **Portfolio Returns**

It is the aim of MVF to have a positive impact on the growth and stability of scalable Maine companies, thus contributing to job growth and sustainable economic development in Maine and prosperity for the general public more broadly. The Fund does this by investing capital in the highest potential Maine companies. When these companies have a successful “liquidity event”, usually a sale of the company to another industry participant or private equity firm, that financial return, which can be far greater than the original investment, gets recycled back into the Fund for investment into other promising scalable Maine based companies. Venture investing provides the opportunity for high return but is also high-risk. As a result, some investments produce very profitable returns while others fail to produce any or very little return. The Fund has had several successful “exits” over the years which have returned capital to the Fund and have been used to invest in other promising Maine companies. Overall, Venture Capital as an asset class tends to outperform other types of capital investment and contributes disproportionately to job creation and economic vitality¹.

MVF has been awarded \$20,450,000 in total funding from the State in occasional allocations since the Fund’s inception (listed below), combined with \$4,953,645 in Federal SSBCI funds, for a total capitalization of \$25,403,645. With this capital, MVF has invested over \$28 million dollars in 82 Maine companies and paid for 25 years of Fund operations to date and returned \$15,308,813 from successful investments, with active investments (i.e. additional possible returns) in 35 companies as of this report.

Maine state funding awards to MVF:

1997 - \$5M

2000 - \$3M

2005 - \$1M

2010 - \$4M

2018 - \$5.5M

2019 - \$0.5M

2020 - \$0.45M

2021 - \$0.5M

¹ *The Economic Impact of Venture Capital*, https://www.researchgate.net/publication/286349579_The_economic_impact_of_venture_capital

Historical Fund Returns

MVF Portfolio Company	Industry	Date of investment	Total Investment Amount	Exit Date	Capital Returned to MVF	Rate of Return	Return Multiple	Type of Exit
Angela Adams LLC	Consumer Products	Oct'02	\$400,000	Aug'09	\$600,000	IRR: 15%	1.5X	Stock Buy Back
Academic Merit LLC d/b/a Fine Tune Learning	Software for student assessment	Dec'15	\$350,000	Aug'22	\$596,477 to date	IRR: 9.3%	1.7X	Acquired by Prometric
America's Premier Fundraisers, Inc.	School Fundraising	Mar '07	\$75,000	Oct'07	\$78,397	IRR: 10.5%	1.0%	Note Repayment
Anodyne Health Systems, Inc.	Healthcare Services	Aug'06	\$425,000	Oct'09	\$944,886	IRR: 35.4%	2.2X	Acquired by athenahealth, Inc. (NASDAQ: ATHN), and AdvantEdge
BlueTarp, Inc.	Contractor Credit Card Service	Dec'04 and multiple other dates	\$604,223	Nov'19	\$335,728	IRR: -4.4%	0X	Acquired by CapitalOne
Bourgeois Guitars LLC	Luthiers	May'01	\$16,000	Mar'16	\$17,182	IRR: -8.5%	.5X	Note Repayment
Capricorn Products, Inc.	Medical device supply	Oct'98	\$150,000	Dec'07	\$213,834	IRR: 7.8%	1.4X	Note Repayment
Certify Inc.	Business Expense Management Software	Aug'09	\$500,000	May'17	\$3,437,313	IRR: 40.4%	6.9X	Acquired by Nexonia Investors, LLC
Coast Of Maine Organic Products, Inc.	Soil amendments	Apr'00	\$85,000	Jul'16	\$394,072	IRR: 9.8%	4.6X	Acquired by Gemini Investors
Common Census, Inc.	Insurance Software	Dec'99	\$500,000	Feb'13	\$810,250	IRR: 6.7%	1.6X	Conversion of Equity to Note followed by Repayment of Note
ComNav Engineering, Inc.	Electronics Manufacturing	Jan'98	\$150,000	Nov'11	\$237,356	IRR: 2%	1.6X	Note Repayment
Interspec, Inc.	Architecture & construction software	Jun'01	\$200,000	Jan'17	\$252,326	IRR: 1.5%	1.3X	Acquired by Arcom, Inc
Looks Gourmet Food Company, Inc.	Premium seafood products	Apr'07	\$300,000	Sep'16	\$754,150	IRR: 10.7%	2.5X	Acquired by SeaWatch, Inc
Nyle Systems, Inc.	Lumber Drying and Heat Pumps	Nov'10 and multiple other dates	\$471,060	May'21	\$653,714	IRR: 4.0%	1.4X	Unit Buy Back and Note Repayment
Pen Bay Solutions, Inc.	Software system to real estate portfolios /mapping	Apr'12 and Jun'14	\$350,000	Jan'20	\$536,492	IRR: 6.9%	1.5X	Acquired by Cartegraph, Inc.
Pika Energy, Inc.	Home Energy Storage Platform	Apr'13 and multiple other dates	\$677,554	Apr'19	\$1,868,050	IRR: 30.2%	2.8X	Acquired by Generac, Inc.
Phytex LLC	Specialty Chemicals	Sep'01	\$150,000	Mar'07	\$195,945	IRR: 28.9%	1.3X	Partner buyout of SEGF
RecruiterNet, Inc.	Software	Jun'01	\$250,000	Jan'13	\$1,961,294	IRR: 63%	7.9X	Acquired by First Advantage (NASDAQ: FADV)
RedZone Wireless, Inc.	Internet	Dec'08	\$50,000	Aug'14	\$81,760	IRR: 9.1%	1.6X	Note Repayment

PO Box 63, Newport, ME 04953
207.305.0006
www.MaineVentureFund.com

Maine Venture Fund invests in Maine businesses that have the highest potential for growth and impact.


Ecosystem Building & Education

MVF Management Team and Board Members maintain relationships with a broad range of regional economic development entities as well as equity and near-equity providers and are active participants in Maine’s innovation economy ecosystem. In April 2022, MVF’s Managing Director was appointed by Maine Governor Janet Mills to the Maine Innovation Economy Advisory Board (“MIEAB”), which is responsible for developing the State’s five-year innovation action plan.

MVF is highly selective in the companies in which it invests; however, the Fund’s Management Team actively assist all interested companies in finding appropriate capital and resources.

A few key educational and ecosystem building partnerships and events:

- Portfolio Company Recognition Event (hosted by MVF):** Portfolio Company CEOs and key figures in the Maine entrepreneurial community come together each fall, whether in person or virtually, for an evening of learning, networking, awards, and idea sharing. This annual event features a keynote speaker and provides both education and inspiration for the growth stage company community.
- Maine Startup Challenge (hosted by MVF):** Entrepreneurs across age groups (K-8, high school, college, open adult) compete in a state-wide business plan competition to cultivate creative business ideas and inspire Maine’s future business leaders.
- Roux Institute at Northeastern University:** MVF is an “embedded partner” at the Roux Institute, Northeastern’s graduate school satellite campus in Portland. MVF works closely with entrepreneurs participating in the Roux Founder Residency Series accelerator programs as well as the Techstars accelerator program in order to compel founders to grow their companies in Maine
- Upstart Maine & Dirigo Labs:** MVF has partnered with both Upstart Maine, a regional accelerator located in Bangor, and Dirigo Labs, an accelerator located in Waterville, to provide startup support, including educational events and materials with the goal of increasing capital investment into those regions.

**Memberships, Partners,
& Co-investors**


ANGEL CAPITAL ASSOCIATION



Coastal Enterprises


 Department of Economic
& Community Development




Abierto Networks, LLC

www.ab-net.us

Digital engagement solutions for convenience store retailers

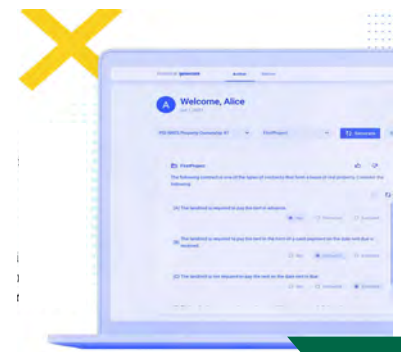
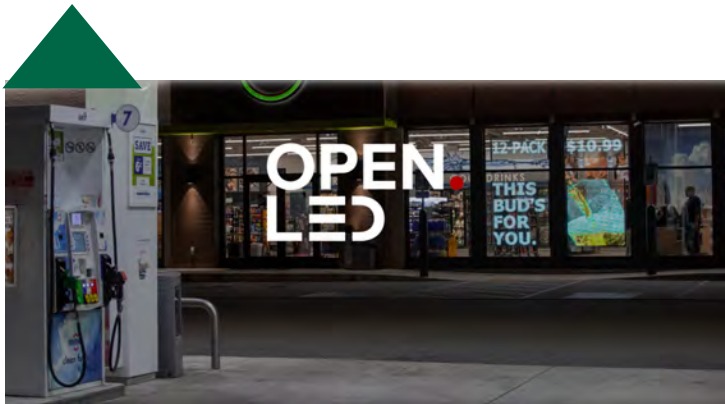
Total MVF Investment \$283,956
Total capital raised \$1.4M

Management Team
Rick Sales, CEO

Location
York, Maine

State of Maine Support
Maine Seed Capital Tax Credit Program
MTI Development Loan

10 employees in Maine



Management Team
Steve Shapiro, CEO

Location
Portland, Maine

State of Maine Support
Maine Seed Capital Tax Credit Program
MTI Development Loan

26 employees, 1 in Maine

Acquired by Prometric in August 2022



Academic Merit, LLC dba Fine Tune Learning

<https://www.finetunelearning.com>

Creating AI-Human hybrid solutions for learning

Total MVF Investment \$350,000
Total capital raised \$2.1M



Amplify, Inc

<https://amplifyadditive.com>

Additive manufacturing supplier for 3D printed titanium orthopedic implants

Total MVF Investment \$206,575
Total capital raised \$2.8M

Management Team

Brian McLaughlin, President & CEO

Location

Scarborough, Maine

State of Maine Support

MTI and FAME support
Maine Seed Capital Tax Credit Program

4 employees in Maine

Acquired by ARCH Medical Solutions in July 2022



Management Team

Sara Rademaker, Founder & CEO

Location

Waldoboro, Maine

State of Maine Support

Maine Technology Institute Grants

7 employees in Maine



American Unagi, LLC

www.americanunagi.com

Locally sourced, live, butterflied and smoked eels

Total MVF Investment \$250,000
Total capital raised \$4.98M



Chimani, Inc.

<https://www.chimani.com>

Mobile app for navigating national & state parks

Total MVF Investment \$100,000
Total outside capital \$500k

Management Team

Kerry Gallivan, Founder & CEO

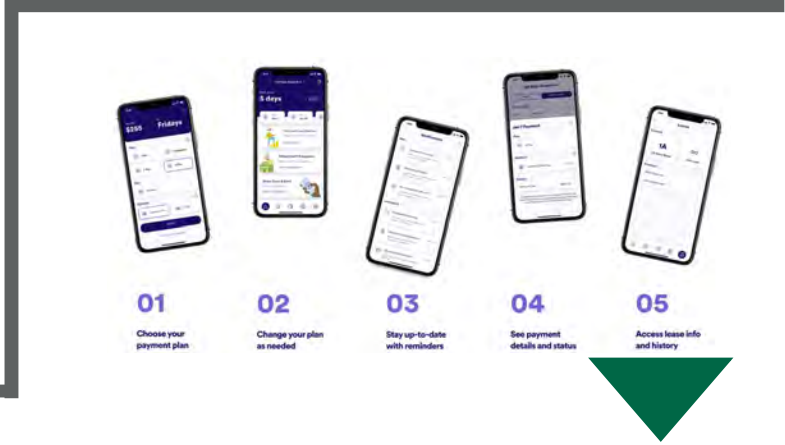
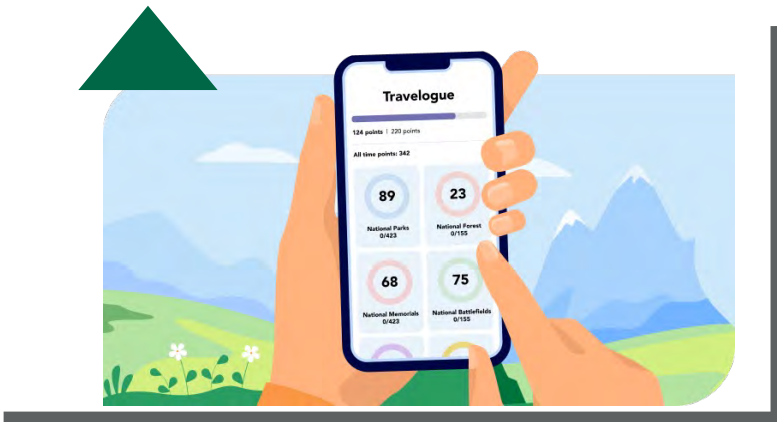
Location

Portland, Maine

State of Maine Support

Maine Seed Capital Tax Credit Program

1 employee in Maine



Management Team

Leslie Hyman, Co-founder & CEO
Heman Duraiswamy,
Co-founder & CTO

Location

Brunswick, Maine

State of Maine Support

Maine Technology Institute Grants

8 employees, 3 in Maine



Circa Labs, Inc.

<https://www.wearecirca.com>

Flexible payments platform for renters and building owners

Total MVF Investment \$250,000
Total outside capital \$2.4M



Coursestorm, Inc.

<https://www.coursestorm.com>

Course registration software

Total MVF Investment \$565,479

Total outside capital \$2.4M

Management Team

Brian Rahill, CEO & Founder
Matt James, CTO

Location

Orono, Maine

State of Maine Support

Maine Seed Capital Tax Credit Program
MTI Development Loan
Maine Technology Institute Equity Program

14 employees in Maine



Management Team

Rob Simopoulos, Co-Founder
Andrew Rinaldi, Co-Founder

Location

Portland, Maine

State of Maine Support

Maine Technology Institute Grants
Maine Seed Capital Tax Credit Program

14 employees in Maine



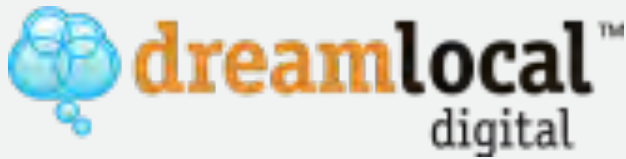
Defendify, Inc.

<https://www.defendify.com>

All-in-one cybersecurity platform designed for organizations without security teams

Total MVF Investment \$606,477

Total outside capital \$5.5M



DreamLocal Digital Ltd.

<https://dreamlocal.com>

Digital marketing solutions

Total MVF Investment \$458,071

Total outside capital \$1.6M

Management Team

Shannon Kinney, CEO

Location

Rockland, Maine

State of Maine Support

Maine Seed Capital Tax Credit Program
Maine Technology Institute Seed Grants
Blackstone Accelerates Growth

21 employees in Maine



SOCIAL PLANS
Starting at \$399/mo.



SEO PLANS
Starting at \$500/mo.



WEBSITES
starting at \$159/mo
customized solutions starting at \$1800



Management Team

Emily Sharood, CEO

Location

Springvale, Maine

18 employees in Maine

Farming Fungi, LLC dba Mousam Valley Mushrooms

<https://mousamvalleymushrooms.com>

Sustainable and organic exotic mushrooms

Total MVF Investment \$436,394

Total outside capital \$1.8M



Good To-Go, Inc.

<https://goodto-go.com>

Delicious, on-the-go meals for any adventure

Total MVF Investment \$250,000

Total outside capital \$2.4M

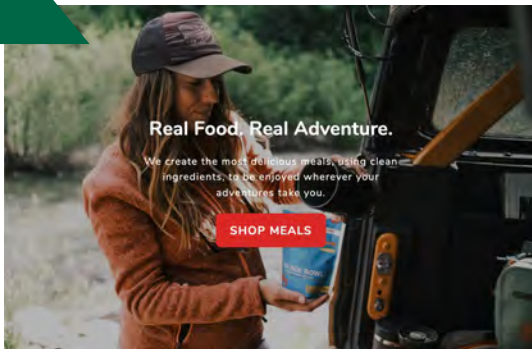
Management Team

Jen Schism, CEO

Location

Kittery, Maine

28 employees, 19 in Maine



Management Team

Jen Levin, President & CEO

Location

Portland, Maine

6 employees in Maine



Gulf of Maine Sashimi, Inc. dba True Fin

<https://truefinseafood.com>

Premium seafood from choice harvesters

Total MVF Investment \$200,000

Total outside capital \$1.4M



Highbyte, Inc.

<https://www.highbyte.com>

Big data software and analytics for industrial manufacturers

Total MVF Investment \$443,840
Total outside capital \$3.5M

Management Team

Tony Paine, CEO and Co-Founder
John Harrington, CBO and Co-Founder
Torey Penrod-Cambra, CMO and Co-Founder

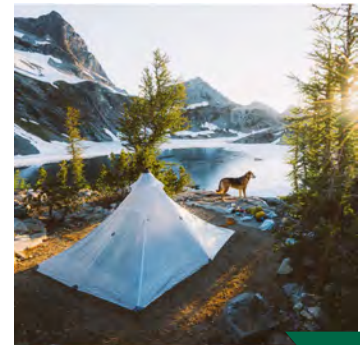
Location

Portland, Maine

State of Maine Support

Maine Technology Institute Grants
Maine Seed Capital Tax Credit Program

12 employees, 9 in Maine



Management Team

Mike St. Pierre, CEO
Dan St. Pierre, CFO

Location

Biddeford, Maine

State of Maine Support

MTI Tech Start Grant

30 employees in Maine



HYPERLITE
MOUNTAIN GEAR

Hyperlite Mountain Gear, Inc.

<https://www.hyperlitemountaingear.com>

Ultralight backcountry gear

Total MVF Investment \$754,870
Total outside capital \$8.7M



Kinotek, Inc.

<https://kinotek.com>

Digital health platform for physical therapists

Total MVF Investment \$150,000

Total outside capital \$2.3M

Management Team

Pat Panaia, CEO

Justin Hafner, CSO and Co-founder

David Holomakoff, CPO and Co-founder

Location

Portland, Maine

11 employees Maine



Management Team

Luke Davidson, CEO and Founder

Bob Hilscher, COO

Location

Portland, Maine

State of Maine Support

Maine Seed Capital Tax Credit Program

23 employees in Maine



Maine Craft Distilling, LLC

<https://www.mainecraftdistilling.com>

Farm-to-flask distillery

Total MVF Investment \$703,275

Total outside capital \$3.5M



Mathematics & Problem Solving, LLC dba Walch

<https://www.walch.com>

Testing and assessment software for educators

Total MVF Investment \$250,000

Total outside capital \$1.7M

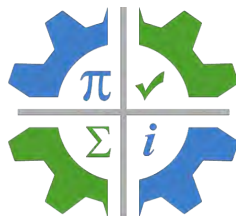
Management Team

Al Noyes, CEO

Location

Portland, Maine

18 employees in Maine



CURRICULUM™
ENGINE

Management Team

Brian Harris, CEO & Co-Founder
Owen McCarthy, President & Co-Founder

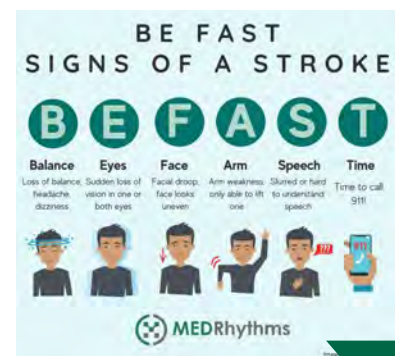
Location

Portland, Maine

State of Maine Support

Maine Technology Institute Grants

21 employees in Maine



MEDRhythms, Inc.

<https://medrhythms.com>

Digital therapeutics for neurologic injuries and diseases

Total MVF Investment \$496,335

Total outside capital \$35.2M



Mingle Healthcare Solutions, Inc.

<https://minglehealth.com>

Big data software for medical providers

Total MVF Investment \$250,221

Total outside capital \$950k

Management Team

William West, CEO

Daniel Mingle, MD, Executive Chair

Location

So. Paris, Maine

State of Maine Support

Maine Seed Capital Tax Credit Program

39 employees, 20 in Maine



Management Team

Chad O'Leary, CEO

Kevin Downs, CTO

Location

Bangor, Maine

State of Maine Support

Maine Seed Capital Tax Credit Program

4 employees in Maine

MOBILE PRICE CARD

Mobile Price Card, Inc.

<https://www.hyperlitemountaingear.com>

Digital display technology for mobile phone retailers

Total MVF Investment \$388,082

Total outside capital \$2.0M



Nearpeer

Nearpeer, Inc.

<https://nearpeer.com>

Peer-to-peer software for student bonding

Total MVF Investment \$250,000

Total outside capital \$1.4M

Management Team

Dustin Manocha, CEO

Christopher Quinn, COO

Location

Portland, Maine

State of Maine Support

Maine Technology Institute Grants

9 employees, 5 in Maine



Management Team

Briana Warner, CEO

Location

Biddeford, Maine

State of Maine Support

Maine Seed Capital Tax Credit Program

13 employees in Maine



Ocean Approved, Inc. dba

Atlantic Sea Farms

<https://atlanticseafarms.com>

Crave-able and innovative products made from sustainably farmed sea greens

Total MVF Investment \$793,659

Total outside capital \$7.3M



Orono Spectral Solutions, Inc.

<https://www.ossmaine.com>

Next generation water sampling technology for industrial manufacturers

Total MVF Investment \$521,098

Total outside capital \$1.2M

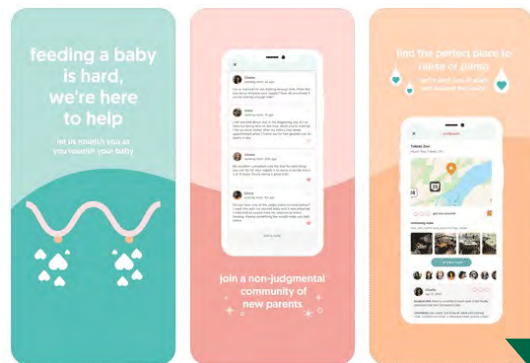
Management Team

Roland Sirois, CEO

Location

Hermon, Maine

4 employees in Maine



Management Team

Amy VanHaren, CEO

Location

Eliot, Maine

State of Maine Support

Maine Technology Institute Grants
Maine Seed Capital Tax Credit Program

4 employees, 3 in Maine



pumpspotting

Pumpspotting, Inc.

<https://www.pumpspotting.com>

Digital platform solving the challenges of breastfeeding at work & everywhere else

Total MVF Investment \$260,000

Total outside capital \$2.1M



Reconnect, Inc.

<https://reconnect.io>

Technology that fights recidivism, incarceration and addiction

Total MVF Investment \$432,310
Total outside capital \$4.9M

Management Team

Pete Andrews, CEO

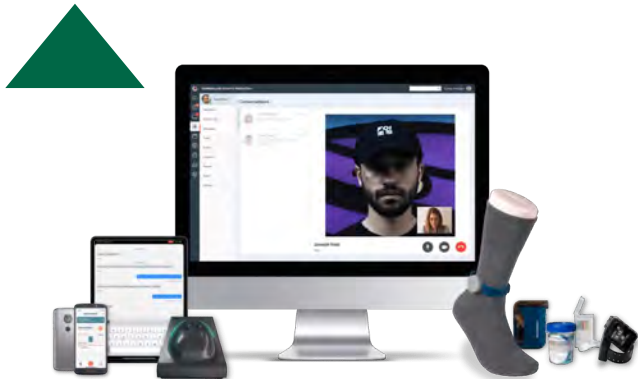
Location

Cumberland, Maine

State of Maine Support

Maine Seed Capital Tax Credit Program

10 employees, 9 in Maine



Management Team

Don Oakes, CEO
Beth Shissler, President

Location

Portland, Maine

State of Maine Support

Maine Seed Capital Tax Credit Program

109 employees Maine



Sea Bags, LLC

<https://seabags.com>

Totes and accessories handcrafted from recycled sails

Total MVF Investment \$600,000
Total outside capital \$5.5M



Senscio Systems, Inc.

<https://www.sensciosystems.com>

Automated chronic health management support

Total MVF Investment \$100,000

Total outside capital \$3.9M

Management Team

Piali De, CEO
Mike Charley, COO
High Stoddart, CSO

Location

Portland, Maine

State of Maine Support

Maine Technology Institute Grant

20 employees, 5 in Maine



Dedicated Patient Ibis tablet



FDA-approved monitoring devices



Management Team

Wyllys "Chip" Terry, CEO

Location

Castine, Maine

State of Maine Support

Maine Technology Institute Grants

6 employees, 4 in Maine



**Shellfish Solutions, Inc. dba
Blue Trace**

<https://www.blue-trace.com>

Powerful tagging and traceability solutions for the shellfish industry

Total MVF Investment \$150,000

Total outside capital \$800k



Solve Finance, Inc.

<https://www.solve.finance>

Digital platform to help households reduce debt

Total MVF Investment \$50,000

Total outside capital \$677k

Management Team

Sean Hundtofte, CEO

Mark Wagy, CTO

Location

Portland, Maine

3 employees in Maine



Save Money on Debt



Management Team

Melissa LeCasse, CEO

Location

Portland, Maine

4 employees in Maine



TANBARK

MOLDED FIBER PRODUCTS

Tanbark

Molded Fiber Products, Inc.

<https://www.tanbarkmfp.com>

Custom, sustainable molded fiber packaging

Total MVF Investment \$200,000

Total outside capital \$1.8M



Vetro, Inc

<https://vetrofibermap.com>

Intuitive, cloud-based fiber management and GIS mapping

Total MVF Investment \$667,949

Total outside capital \$13M

Management Team

Will Mitchell, Founder & CEO

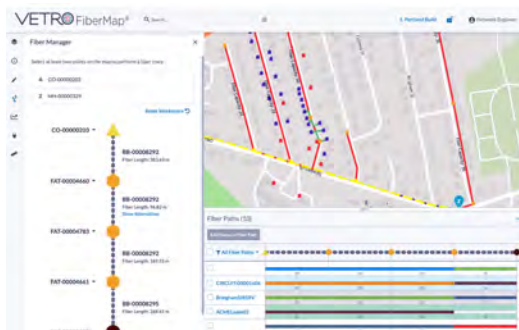
Location

Portland, Maine

State of Maine Support

Maine Seed Capital Tax Credit Program

73 employees, 41 in Maine



Small Enterprise Growth Board

The Small Enterprise Growth Fund is overseen by the Small Enterprise Growth Board (the “Board”), an eleven-member Board of Directors, ten of whom are private sector individuals appointed by the Governor. The eleventh board member is the DECD Commissioner, or his/her appointee.

Board members have relevant experience or background in early-stage investing, managing, or investing in high-growth small businesses, the development of technological innovation, and commercial lending or securities law.

These professionals volunteer their time serving on the Board of Directors and spend many hours pursuing and ensuring a well-managed Fund by:

- Meeting monthly, as a board of directors, for up to four hours per meeting;
- Hiring, advising and directing the Fund’s management team;
- Individually taking on assignments to specific portfolio company subcommittees;
- Regularly reassessing the relevance of the Fund’s mission to the needs of the marketplace, and taking steps to align practices to ensure the operations reflect the mission;
- Reviewing regular Portfolio reporting and metrics provided by the management team;
- Overseeing the Fund’s internal financial compliance and operations
- Keeping the Legislature and Governor apprised of the Fund’s activities.

In Fiscal Year 2022, from July 1, 2021 to June 30, 2022, the Board and Management Team screened numerous companies for potential initial investment, a significant number of portfolio companies for possible follow-on investments and counseled many other early-stage companies. In considering investment opportunities, the Board balances the potential for economic return with societal impact (e.g. environmental footprint, benefits to underserved populations, rural impact, etc.). The Board and Management of the Fund are also continually working to find the right balance of supporting enough early-stage companies to stimulate the ecosystem (i.e., higher risk investments) and generating sufficient returns through successful company exits (when a company is acquired and investors are compensated).

In June 2022, the Board appointed Dr. Brien Walton, Chair; Peter DelGreco, Vice Chair and Theresa Hodge, Treasurer for fiscal year 2023.

Current Board composition as of July 1, 2022:

Dr. Brien Walton, Chair, CEO of Acadia Capital Management, L3C, a nationally certified Community Development Entity (CDE) and strategic advisory firm that works directly with government agencies, municipal leaders, and social impact funds on strategies that can eliminate poverty through sustainable job growth and permanent job creation in economically distressed communities. In this role, he creates innovative funding pathways that enable communities to attract social impact investments through stackable, federal, state, and local risk mitigation incentives. He is also the director of the Richard E. Dyke Center for Family Business at Husson University, where he has led initiatives analyzing the challenges of Maine’s entrepreneurs and developed a collaborative innovation ecosystem between academia and the business community. In 2020, the White House Opportunity and Revitalization Council and the U.S. Department of Housing and Urban Development invited Walton to speak to a national audience on leveraging public and private resources to maximize economic growth and permanent job creation in federally designated Opportunity Zones. A former corporate tax attorney, commercial banker, and real estate broker, he was the founding CEO of the first university based EdTech venture capital fund in the U.S. at the University of Pennsylvania. There he created an award-winning shared space innovation hub in downtown Philadelphia, and more than half of the inaugural cohort was acquired by large or publicly traded companies within seven years. Brien earned his Doctorate of Education in Organizational Learning Leadership at the University of Pennsylvania with a concentration in Leadership Development at the Wharton School of Business; a Juris Doctorate in Law at the University of D.C., a Master of Science in Education in Workforce Development at the University of Pennsylvania; a Master of Arts in Educational Technologies at Harvard University; and a Master of Laws in Taxation at Georgetown University.

Peter DelGreco, Vice Chair, serves as President and CEO of Maine & Company, a privately funded business attraction and economic development organization. Charged with helping companies establish successful and profitable operations in Maine, Maine & Company’s Board of Directors consists of top executives from Maine’s business community. During Peter’s tenure, Maine & Company has attracted numerous companies to Maine that now employ thousands of people across the state. Peter is a graduate of Colby College and he earned his MBA from the University of Southern Maine. Peter and his wife and son reside in North Yarmouth, Maine.

PO Box 63, Newport, ME 04953
207.305.0006
www.MaineVentureFund.com

Maine Venture Fund invests in Maine businesses that have the highest potential for growth and impact.

Theresa B. Hodge, Treasurer, (elected to serve beginning July 1, 2021) is Executive Vice President and Senior Commercial Lender at Bath Savings Institution. She began her banking career in 1986 and has been with Bath Savings since 2004. In addition to working at commercial banks, she spent ten years during the 1990's as a senior lender in the public sector with the Finance Authority of Maine and Coastal Enterprises, Inc. She graduated from the University of Southern Maine, with a BS in Business Administration and later earned her MBA from Thomas College. Theresa is a board member of MEREDA and serves as chairperson of the Eligibility Committee of United Way of Mid Coast Maine and is a senior advisory member of Risk Management Association, Maine Chapter.

Elizabeth Chabe runs a privately held business strategy consultancy. She has held management positions at The Jackson Laboratory and the University of Maine's Advanced Structures and Composites Center and remains active in Maine's research and development community. An avid entrepreneur, her startups have been recognized by Global Entrepreneurship Week, Entrepreneur Magazine, CNBC, and more. She serves as a board member of the Maine Venture Fund and is the chair of the Chinese Language and Culture Center of Maine. In her spare time, Elizabeth enjoys studying languages, investing, and travel.

Helen Sterling Coburn, a corporate and securities attorney at Bernstein Shur, where she co-chairs the firm's private capital group. In that role, she counsels start-up companies raising investment capital and represents investors making investments in early-stage companies. She serves on the Board of Directors of Startup Maine, Inc., on the investment committee of the Indus Fund, and has also served on advisory boards of several enterprises. Helen holds a BA from Dartmouth College and a JD from Boston College Law School.

Claire Deselle, formerly served as the System Vice President of Applied Innovation and Performance Improvement for Northern Light Health where she led in the design, development and implementation of a structured Innovation Research & Development framework tasked with positively impact care delivery. Prior, she has filled several leadership roles including Chief Operating Officer for the Maine Institute for Human Genetics and Health, a nonprofit research entity; and President and CEO of CS-Keys Inc., a biotech company developing cancer diagnostics and therapeutics. Previously, she has had several leadership roles including Chief Operating Officer for the Maine Institute for Human Genetics and Health, a non-profit research entity, President and CEO of CS-Keys Inc., a biotech company developing cancer diagnostics and therapeutics, and more than 14 years with Eli Lilly and Company in various management assignments. She earned a BSc from

PO Box 63, Newport, ME 04953
207.305.0006
www.MaineVentureFund.com

Maine Venture Fund invests in Maine businesses that have the highest potential for growth and impact.

the University of New Hampshire and an MBA from the Wharton School at the University of Pennsylvania.

Gregory Fryer heads the Securities Law Group of Verrill Dana, LLP, a New England regional firm of more than 130 lawyers, with offices in Portland ME, Boston MA, and Westport CT. A substantial part of Greg's practice is advising startup companies or investors in transactions to raise capital. His other practice areas are corporate law, securities regulation, contract negotiations, and mergers and acquisitions. Greg is a former member of Maine Angels, a group of accredited investors who meet monthly in Portland, Maine and provide investment and mentoring to early-stage companies. He also is a Trustee of Maine Maritime Academy.

Malinda Gagnon, CEO of Uprise Partners, a business technology firm specializing in IT, cybersecurity, marketing technology, and software engineering. Malinda has more than 20 years of experience in business strategy and technology. At Google, she was a founding team member of the ad technology organization. She was a senior partner at WPP, the world's largest media holding company, where she founded and led their consulting organization and the Product Management and Technology group. She specializes in business resiliency planning, media and communications technologies, analytics technologies, product management, and technology operations. She has advised clients such as Procter and Gamble, General Electric, Volkswagen, BlackRock, and Walmart, as well as hundreds of startups. She's also a mentor with Techstars, MassChallenge, and Maine Center for Entrepreneurs.

Susan Hammond, a Penobscot Nation tribal member, was the former long-standing (20 years) Executive Director of Four Directions Development Corporation (FDDC), a Native-governed Community Development Financial Institution (CDFI) serving the four tribes of Maine. As one of the founders, she had been involved with FDDC since the earliest planning stages which began in the fall of 2000. Susan now works for Fahe, a national nonprofit CDFI based in Kentucky, as their new Relationship Manager for Native CDFIs nationwide. She serves on the Boards of Maine Community Foundation, Bangor Savings Bank and Coastal Enterprises Inc. as well as Oweesta Corporation, a national intermediary Native American CDFI. She was awarded the Maine SBA Minority Small Business Advocate of the Year Award and was also a recipient of the Visionary Leader Award and Circle of Honor Award from the national CDFI association, Opportunity Finance Network and Oweesta Corporation. Susan graduated from the University of Maine at Orono with a BS in Business Administration and is well connected in both the local Wabanaki communities and national Native American organizations.

PO Box 63, Newport, ME 04953
207.305.0006
www.MaineVentureFund.com

Maine Venture Fund invests in Maine businesses that have the highest potential for growth and impact.

Peter Handy, President & CEO of Bristol Seafood, a processor and distributor known for its uncompromising Maine standards. Bristol is the first seafood company in America to earn a Fair Trade designation and has been named to the Top 25 Seafood Sustainability & Conservation and Top 25 Seafood Product Innovations lists. In addition to his role at Bristol, he serves on the boards of Bigelow Laboratory for Ocean Sciences, the Boys & Girls Clubs of Southern Maine, Maine Public Radio, the Maine Venture Fund, and the investment committee of the Portland Museum of Art. Before joining Bristol, Peter co-founded [BoxMyDorm.com](https://www.BoxMyDorm.com), a national storage and shipping company for college students, and held financial services roles in New York. He is a graduate of the Wharton School at the University of Pennsylvania and a Chartered Financial Analyst.

Charlotte Mace is the Director of the Office of Business Development, Maine Department of Economic & Community Development. The Office of Business Development is responsible for investment attraction, tax incentive programs, business retention and expansion for Maine businesses. She is leading the development of the State's new domestic trade assistance program for Maine businesses. Prior to her present position, she served as Executive Director of the manufacturing trade association, Biobased Maine, which works to create jobs in rural Maine, manufacturing value-added products from the State's natural resources. She also serves as the State Program Manager for the Northern Border Regional Commission and serves on the board of Midcoast Regional Redevelopment Authority. Charlotte has an undergraduate degree in biochemistry from Bowdoin College, and an MBA from the University of Southern Maine, where she concentrated her studies on marketing and sustainable business.

PO Box 63, Newport, ME 04953
207.305.0006
www.MaineVentureFund.com

Maine Venture Fund invests in Maine businesses that have the highest potential for growth and impact.

MVF Management Team

Joe Powers, Managing Director

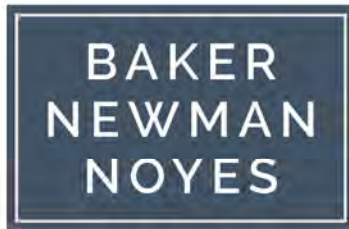
Joe joined Maine Venture Fund in 2019 as Investment Manager, was promoted to Principal in 2020 and assumed the Managing Director role in July 2021. Prior to MVF, Joe worked for a number of venture capital-funded startup technology firms (Tesla, Zoox, Clean Marine Energy) in a variety of operational roles. Joe also has experience as an entrepreneur (Ripso) and angel investor. Joe volunteers as a SCORE and Maine Center for Entrepreneurs mentor and holds an MBA from Dartmouth's Tuck School of Business.

Nina Scheepers, Principal

Nina joined Maine Venture Fund in 2021 as Investment Manager and was promoted to Principal in 2022. Prior to MVF, she held a variety of roles at Unum, most recently as a Product Manager leading work to transform the company's technology and operations. She earned an undergraduate degree from Bowdoin College and an MBA from Dartmouth's Tuck School of Business and brings enthusiasm for both impact investing and Maine's entrepreneurial ecosystem.

Terri Wark, Office Operations Manager

Terri worked as Administrative Associate for the Fund starting in 2001. Prior to Maine Venture Fund, she worked with the Finance Authority of Maine (FAME) in the Legal Department and in the Small Business and Commercial Loan Division. Terri attended the University of Maine.



Small Enterprise Growth Fund
d/b/a Maine Venture Fund
(A Component Unit of the State of Maine)

Basic Financial Statements,
Management's Discussion and Analysis, and
Supplementary Information

Years Ended June 30, 2022 and 2021

**SMALL ENTERPRISE GROWTH FUND D/B/A MAINE VENTURE FUND
(A COMPONENT UNIT OF THE STATE OF MAINE)**

FINANCIAL STATEMENTS

For the Years Ended June 30, 2022 and 2021

TABLE OF CONTENTS

	<u>Page(s)</u>
Independent Auditors' Report	1 – 3
Management's Discussion and Analysis	4 – 10
Basic Financial Statements:	
Statements of Net Position	11
Statements of Revenues, Expenses and Changes in Net Position	12
Statements of Cash Flows	13
Notes to Financial Statements	14 – 20
Supplementary Information:	
Schedule 1	21



INDEPENDENT AUDITORS' REPORT

The Board of Directors
Small Enterprise Growth Fund
d/b/a Maine Venture Fund

Opinion

We have audited the financial statements of Small Enterprise Growth Fund d/b/a Maine Venture Fund (the Fund), a component unit of the State of Maine, which comprise the statements of net position as of June 30, 2022 and 2021, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as of June 30, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As explained in note 1, the financial statements include investments in small businesses valued at \$9,181,502 (54% of net position) and \$6,641,988 (38% of net position) at June 30, 2022 and 2021, respectively, which are not actively traded and whose carrying values have been estimated by management in the absence of readily determinable fair values. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Board of Directors
Small Enterprise Growth Fund
d/b/a Maine Venture Fund

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the basic financial statements as a whole. The supplementary information in Schedule 1 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Baker Newman & Noyes LLC

Portland, Maine
October 20, 2022

**SMALL ENTERPRISE GROWTH FUND D/B/A MAINE VENTURE FUND
(A COMPONENT UNIT OF THE STATE OF MAINE)**

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2022 and 2021

As Management of the Small Enterprise Growth Fund d/b/a Maine Venture Fund (the Fund or the SEGF), we offer readers of the Fund's financial statements this narrative overview and analysis of the financial activities of the Fund for the fiscal years ended June 30, 2022 and 2021. As required, the Fund's financial statements are presented in the manner prescribed by Governmental Accounting Standards Board (GASB). The Fund is identified as a Proprietary Fund. Proprietary Funds are accounted for in a manner similar to a private business enterprise.

Overview of the Fund

The Fund was created in 1996 by an Act of the Maine Legislature, as a body corporate and politic and a tax-exempt instrumentality of the State of Maine. The Fund's purpose is to provide capital to small Maine businesses with the potential for high growth and public benefit, but which are unable to obtain adequate conventional financing. The Fund is a revolving, non-lapsing fund, with net earnings remaining in the Fund for use in providing additional capital to businesses.

Overview of the Financial Statements

Management's Discussion and Analysis is intended to serve as an introduction to the Fund's basic financial statements. The basic financial statements include the Statements of Net Position, the Statements of Revenues, Expenses and Changes in Net Position, the Statements of Cash Flows and related notes to the financial statements. The Statements of Net Position present information on all of the Fund's assets, liabilities and net position. The Statements of Revenues, Expenses and Changes in Net Position present information on the Fund's revenues and expenses. The Statements of Cash Flows supplement those statements providing relevant information about cash sources and uses. The Fund's financial statements are presented on an accrual basis. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

FY 2022 Highlights

- Maine Venture Fund (MVF or Fund) invested \$2,609,754 (including notes) and converted to equity approximately \$104,000 in accrued note interest in sixteen Maine companies in FY22, six new to the portfolio and ten receiving follow-on investments. In FY21, the Fund invested \$750,700 and converted to equity \$75,679 in accrued note interest in eleven Maine companies, one new and ten follow on.
- The Fund had ten note-to-equity conversions and one short-term note that was paid in full during FY22. One in July 2021: this note was purchased from MedRhythms, Inc. (October 2020 for \$75,000); note plus accrued interest of \$2,764 was converted to Series B Preferred Stock. Three in August 2021: one was purchased from Abierto Networks LLC (March 2020 for \$50,000); note plus accrued interest of \$5,289 was converted to Common Units; two were purchased from Ocean Approved, Inc. (April 2020 for \$122,931 and March 2021 for \$50,000); both notes plus combined accrued interest of \$10,900 converted to Series A-2 Preferred Stock. Three in November 2021: two notes were purchased from HighByte, Inc., (April 2020 for \$150,000 and November 2020 for \$75,000); both notes plus combined accrued interest of \$18,840 converted to Series Seed-1 Preferred Stock; one purchased from Reconnect, Inc. (December 2019 for \$200,000); note plus accrued interest of \$31,321 converted to Series Seed Preferred Stock. Three in February 2022: one purchased from Defendify, Inc. (December 2020 for \$100,000), note plus accrued interest of \$6,477 converted to Series A-1 Preferred Stock; two purchased from Maine Craft Distilling LLC, (August 2018 with a principal balance of \$157,560 and May 2019 for \$50,000), both notes plus the compounded interest on the 2018 note (for period August 2020 – August 2021) and accrued interest on both totaling \$17,215 converted to Series 2022 Preferred Units.

**SMALL ENTERPRISE GROWTH FUND D/B/A MAINE VENTURE FUND
(A COMPONENT UNIT OF THE STATE OF MAINE)**

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2022 and 2021

- One note, purchased March 2021 in the amount of \$40,000 plus interest was paid in full by Maine Craft Distilling LLC in FY22.
- Coinvestors invested nearly \$50 million alongside the \$2,609,754 invested by MVF for a ratio of 19 to 1. The co-investment ratio in FY21 was 14 to 1 on the Fund's \$826,000 of investment.
- According to the Fund's internal tracking, portfolio companies employed 463 full-time equivalent people as of June 30, 2022, a decrease of approximately 92 FTEs from the prior fiscal year end.
- In November 2021, an MVF portfolio company started making payments of principal and interest on a term note which is scheduled to be paid in full in October 2025.
- In September 2021, Vetro, Inc. bought back 31,900 shares of Series A Stock at \$8.65/share, originally purchased at \$2/share, resulting in a total return of \$265,582 after applicable sale fees; \$63,800 was applied to principal and \$201,782 to a capital gain.
- In April 2022, a portfolio company was acquired for \$130,000 which had a carrying value of \$206,575. The Fund may receive an additional amount of approximately \$76,000 related to the sale.
- For FY22, the Fund was included in the State budget and received an annual appropriation of \$500,000, half received in July 2021 and the remaining half in February 2022.
- MVF continues to play a prominent role in a strong support network for the entrepreneurial community in Maine, working with partners like Maine Technology Institute, Maine Center for Entrepreneurs and the Maine Angels investment group. Additionally, the staff sits on numerous boards throughout the State, including portfolio company boards in an observer role and the Maine Innovation Economy Advisory Board.
- The Small Enterprise Growth Board (SEGB) is a deeply experienced Board knowledgeable in early stage equity investing and in growing successful companies. For a list of current board members and their backgrounds visit <http://www.maineventurefund.com/team>.

**SMALL ENTERPRISE GROWTH FUND D/B/A MAINE VENTURE FUND
(A COMPONENT UNIT OF THE STATE OF MAINE)**

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2022 and 2021

Financial Information

Statements of Net Position

	<u>2022</u>	<u>2021</u>	<u>% Change</u>
Assets:			
Cash equivalents	\$ 6,741,758	\$ 9,101,577	(25.9)%
Interest receivable	93,336	125,412	(25.6)
Notes receivable, net	1,053,437	1,701,193	(38.1)
Other receivable	130,000	—	—
Investments, net	9,181,502	6,641,988	38.2
Prepaid expense	<u>9,328</u>	<u>1,585</u>	<u>488.5</u>
Total assets	<u>\$17,209,361</u>	<u>\$17,571,755</u>	<u>(2.1)</u>
Liabilities:			
Accounts payable	\$ 2,574	\$ 1,961	31.3
Accrued expenses	<u>46,651</u>	<u>42,180</u>	<u>10.6</u>
Total liabilities	49,225	44,141	11.5
Net Position:			
Unrestricted net position	<u>17,160,136</u>	<u>17,527,614</u>	<u>(2.1)</u>
Total net position	<u>\$17,160,136</u>	<u>\$17,527,614</u>	<u>(2.1)%</u>

Asset fluctuations between cash equivalents and investments represent an increase in invested cash in the portfolio. The decrease in notes receivable is primarily driven by current year equity conversions. Investments in companies (including notes) amounted to \$2,609,754 during the year and are somewhat offset by \$193,800 of returned capital upon sale, \$51,000 of note receivable payments, and approximately \$500,000 of investment write-downs. Write-downs were recorded on three companies during FY22. The overall decrease is also mitigated by the \$500,000 received from the State Governor's budget appropriations made to the Fund.

**SMALL ENTERPRISE GROWTH FUND D/B/A MAINE VENTURE FUND
(A COMPONENT UNIT OF THE STATE OF MAINE)**

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2022 and 2021

Statements of Revenues, Expenses and Changes in Net Position

	<u>2022</u>	<u>2021</u>	<u>% Change</u>
Operating revenues:			
Investment income	\$ 27,375	\$ 47,961	(42.9)%
Interest income on notes receivable	75,006	110,966	(32.4)
Realized gains on sales of investments	126,007	271,723	(53.6)
Other income	<u>11,973</u>	<u>575</u>	<u>1,982.3</u>
Total operating revenues	240,361	431,225	(44.3)
Operating expenses:			
Salary expense	334,803	305,552	9.6
Payroll benefits expense	120,898	120,602	0.2
General and administrative expense	<u>151,708</u>	<u>107,049</u>	<u>41.7</u>
Total administrative operating expenses	607,409	533,203	13.9
Write-down/provision on investments/notes receivable	<u>500,430</u>	<u>1,327,834</u>	<u>(62.3)</u>
Total operating expenses	<u>1,107,839</u>	<u>1,861,037</u>	<u>(40.5)</u>
Operating loss	(867,478)	(1,429,812)	(39.3)
Capital contribution from State of Maine	500,000	450,000	11.1
Net position at beginning of year	<u>17,527,614</u>	<u>18,507,426</u>	<u>(5.3)</u>
Net position at end of year	<u>\$17,160,136</u>	<u>\$17,527,614</u>	<u>(2.1)%</u>

The Fund had an operating loss of \$867,478 for the fiscal year. Operating revenues decreased 44.3% or \$190,864, primarily due a drop in investment earnings and realized gains on sales of investments. Operating expenses decreased 40.5% or \$753,198 due to a change in salary expenses and general administrative expenses, but the change was primarily driven by a decrease in write downs of investments from \$1,327,834 in FY21 to \$500,430 in FY22.

**SMALL ENTERPRISE GROWTH FUND D/B/A MAINE VENTURE FUND
(A COMPONENT UNIT OF THE STATE OF MAINE)**

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2022 and 2021

FY 2021 Highlights

- Maine Venture Fund (MVF or Fund) invested just over \$826,000 in eleven Maine companies in FY21, one of which is new to the portfolio and ten receiving follow-on investments. In FY20, the Fund invested just over \$2.7 million in seventeen Maine companies.
- MVF invested a total of approximately \$750,000, which included compounded and converted interest, in ten existing portfolio companies as follow-on funding and \$100,000 in one company new to the portfolio.
- The Fund had four note-to-equity conversions in FY21. Two in July 2020: both notes were purchased from Farming Fungi LLC d/b/a Mousam Valley Mushrooms, one in the amount of \$190,000 (note dated March 2018) and the other in the amount of \$110,000 (note dated December 2018) plus accrued interest on both, totaling \$36,394, converted to Preferred Units. One in January 2021: this Note was purchased from Redd, Inc. in the original amount of \$187,500 (2018); interest of \$14,959 was compounded at the one year anniversary in 2019; and interest of \$16,499 was compounded at the second year anniversary in 2020, making a new principal balance of \$218,958, plus accrued interest of \$6,548 converted to Series B Preferred Stock. One in March 2021: This Note purchased from Hyperlite Mountain Gear, Inc. in the amount of \$50,000 (Jan 2019) plus accrued interest of \$4,870 converted to Series B2 Preferred Stock.
- According to the Fund's internal tracking, portfolio companies employed 555 full-time equivalent people as of June 30, 2021, an increase of approximately 49 FTEs from the prior fiscal year end.
- Co-investors invested approximately \$11.5 million alongside the \$826,000 invested by MVF for a ratio of 14 to 1. The co-investment ratio in FY20 was 6.5 to 1 on MVF's \$2.7 million in investments.
- In June, MVF started receiving principal and interest payments on a short-term note from one of its portfolio companies; the note is scheduled to be paid in full in December 2021.
- One portfolio company, Nyle Systems LLC, purchased all of its Class A Membership Units (held by MVF for a price of \$3.33 per unit) for a total buy-back price of \$549,170, returning principal in the amount of \$371,060 and resulting in a capital gain of \$178,110 for MVF in May 2021.
- For FY21, the Fund was included in the State budget and received an annual appropriation of \$450,000. This amount is treated as an additional capital contribution.
- MVF continues to play a prominent role in a strong support network for the entrepreneurial community in Maine, working with partners like Maine Technology Institute, Maine Center for Entrepreneurs and the Maine Angels investment group. Additionally, the staff sits on numerous boards throughout the State, including portfolio company boards in an observer role and the Maine Innovation Economy Advisory Board.
- The Small Enterprise Growth Board (SEGB) is a deeply experienced Board knowledgeable in early stage equity investing and in growing successful companies. For a list of current board members and their backgrounds visit <http://www.maineventurefund.com/team>.

**SMALL ENTERPRISE GROWTH FUND D/B/A MAINE VENTURE FUND
(A COMPONENT UNIT OF THE STATE OF MAINE)**

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2022 and 2021

Financial Information

Statements of Net Position

	<u>2021</u>	<u>2020</u>	<u>% Change</u>
Assets:			
Cash equivalents	\$ 9,101,577	\$ 9,236,729	(1.5)%
Interest receivable	125,412	100,541	24.7
Notes receivable, net	1,701,193	1,619,001	5.1
Investments, net	6,641,988	7,595,280	(12.6)
Prepaid expense	<u>1,585</u>	<u>1,466</u>	<u>8.1</u>
Total assets	<u>\$17,571,755</u>	<u>\$18,553,017</u>	<u>(5.3)</u>
Liabilities:			
Accounts payable	\$ 1,961	\$ 1,027	90.9
Accrued expenses	<u>42,180</u>	<u>44,564</u>	<u>(5.3)</u>
Total liabilities	44,141	45,591	(3.2)
Net Position:			
Unrestricted net position	<u>17,527,614</u>	<u>18,507,426</u>	<u>(5.3)</u>
Total net position	<u>\$17,527,614</u>	<u>\$18,507,426</u>	<u>(5.3)%</u>

Total assets decreased mainly due to \$450,000 from the State Governor's FY21 budget appropriation being offset by investment/note receivable write-downs of approximately \$1,327,000. The write-downs were primarily the result of a lead investor for one of MVF's portfolio companies electing not to continue supporting its commercialization efforts.

**SMALL ENTERPRISE GROWTH FUND D/B/A MAINE VENTURE FUND
(A COMPONENT UNIT OF THE STATE OF MAINE)**

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2022 and 2021

Statements of Revenues, Expenses and Changes in Net Position

	<u>2021</u>	<u>2020</u>	<u>% Change</u>
Operating revenues:			
Investment income	\$ 47,961	\$ 195,912	(75.5)%
Dividend income	-	41,840	(100.0)
Interest income on notes receivable	110,966	97,177	14.2
Realized gains on sales of investments	271,723	354,047	(23.3)
Other income	<u>575</u>	<u>-</u>	<u>-</u>
Total operating revenues	431,225	688,976	(37.4)
Operating expenses:			
Salary expense	305,552	297,547	2.7
Payroll benefits expense	120,602	121,945	(1.1)
General and administrative expense	<u>107,049</u>	<u>89,772</u>	<u>19.2</u>
Total administrative operating expense	533,203	509,264	4.7
Write-down/provision on investments/notes receivable	<u>1,327,834</u>	<u>5,355</u>	<u>24,696.2</u>
Total operating expenses	<u>1,861,037</u>	<u>514,619</u>	<u>261.6</u>
Operating (loss) income	(1,429,812)	174,357	(920.0)
Capital contribution from State of Maine	450,000	500,000	(10.0)
Net position at beginning of year	<u>18,507,426</u>	<u>17,833,069</u>	<u>3.8</u>
Net position at end of year	<u>\$17,527,614</u>	<u>\$18,507,426</u>	<u>(5.3)%</u>

The Fund had an operating loss of \$1,429,812 for the fiscal year. Operating revenues decreased 37.4% or \$257,751 primarily due to an \$82,324 decrease in realized gains from the sale of investments from the prior fiscal year, along with a decrease of \$41,840 in dividend income and \$147,951 decrease in investment income. Operating expenses increased 261.6% or \$1,346,418 due to an increase in the write-down/provision of investments/notes receivable during fiscal year 2021.

**SMALL ENTERPRISE GROWTH FUND D/B/A MAINE VENTURE FUND
(A COMPONENT UNIT OF THE STATE OF MAINE)**

STATEMENTS OF NET POSITION

June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
Current assets:		
Cash equivalents (note 2)	\$ 6,741,758	\$ 9,101,577
Interest receivable	55,698	58,018
Notes receivable, net of allowance for losses of \$5,000 and \$102,430 in 2022 and 2021, respectively (note 3)	401,098	637,629
Other receivable	130,000	—
Prepaid expense	<u>9,328</u>	<u>1,585</u>
Total current assets	7,337,882	9,798,809
Noncurrent assets:		
Interest receivable	37,638	67,394
Notes receivable	652,339	1,063,564
Investments, net	<u>9,181,502</u>	<u>6,641,988</u>
Total noncurrent assets	<u>9,871,479</u>	<u>7,772,946</u>
Total assets	<u>\$17,209,361</u>	<u>\$17,571,755</u>
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	\$ 2,574	\$ 1,961
Accrued expenses	<u>46,651</u>	<u>42,180</u>
Total current liabilities	<u>49,225</u>	<u>44,141</u>
Total liabilities	49,225	44,141
Commitments (note 4)		
<u>NET POSITION (note 7)</u>		
Unrestricted net position	<u>17,160,136</u>	<u>17,527,614</u>
Total net position	<u>\$17,160,136</u>	<u>\$17,527,614</u>

See accompanying notes.

**SMALL ENTERPRISE GROWTH FUND D/B/A MAINE VENTURE FUND
(A COMPONENT UNIT OF THE STATE OF MAINE)**

STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION

Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Operating revenues:		
Investment income	\$ 27,375	\$ 47,961
Interest income on notes receivable	75,006	110,966
Realized gains on sales of investments	126,007	271,723
Other income	<u>11,973</u>	<u>575</u>
Total operating revenues	240,361	431,225
Operating expenses:		
Salary expense	334,803	305,552
Payroll benefits expense	120,898	120,602
General and administrative expense (note 6)	<u>151,708</u>	<u>107,049</u>
Total administrative operating expenses	607,409	533,203
Write-down/provision on investments/notes receivable	<u>500,430</u>	<u>1,327,834</u>
Total operating expenses	<u>1,107,839</u>	<u>1,861,037</u>
Operating loss	(867,478)	(1,429,812)
Capital contribution from State of Maine (note 1)	500,000	450,000
Net position, beginning of year	<u>17,527,614</u>	<u>18,507,426</u>
Net position, end of year	<u>\$17,160,136</u>	<u>\$17,527,614</u>

See accompanying notes.

**SMALL ENTERPRISE GROWTH FUND D/B/A MAINE VENTURE FUND
(A COMPONENT UNIT OF THE STATE OF MAINE)**

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Interest received on notes receivable	\$ 3,027	\$ 9,000
Principal received on notes receivable	51,396	–
Notes receivable originated	(325,000)	(633,735)
Disbursements for investments	(2,284,754)	(117,500)
Proceeds from sale of investments	265,581	642,783
Dividend and other income received	11,973	575
Investment income received	27,375	47,961
Payments for operating expenses	(279,231)	(224,211)
Payments to employees	<u>(330,186)</u>	<u>(310,025)</u>
Net cash used by operating activities	(2,859,819)	(585,152)
Cash flows from financing activities:		
Contributed capital	<u>500,000</u>	<u>450,000</u>
Net decrease in cash equivalents	(2,359,819)	(135,152)
Cash equivalents, at beginning of year	<u>9,101,577</u>	<u>9,236,729</u>
Cash equivalents, at end of year	<u>\$ 6,741,758</u>	<u>\$ 9,101,577</u>
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	\$ (867,478)	\$ (1,429,812)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Provision for losses on notes receivable	500	9,916
Write-down of investments	499,930	1,317,918
Realized gain on sale of investments	(126,007)	(271,723)
Changes in assets and liabilities:		
Interest receivable	32,076	(24,871)
Prepaid expense	(7,743)	(119)
Other receivable	(130,000)	–
Notes receivable, net	745,186	(92,108)
Investments, net	(3,011,367)	(92,903)
Accounts payable	613	934
Accrued expenses	<u>4,471</u>	<u>(2,384)</u>
Net cash used by operating activities	<u>\$ (2,859,819)</u>	<u>\$ (585,152)</u>

Supplemental disclosure of noncash activities:

During 2022, \$932,560 of net notes receivable and \$91,704 of interest receivable was converted to investments. \$11,700 of accrued interest was converted to principal of notes receivable.

During 2021, \$541,627 of net notes receivable and \$77,109 of interest receivable was converted to investments.

See accompanying notes.

**SMALL ENTERPRISE GROWTH FUND D/B/A MAINE VENTURE FUND
(A COMPONENT UNIT OF THE STATE OF MAINE)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

1. Organization and Significant Accounting Policies

The accounting policies of the Small Enterprise Growth Fund d/b/a Maine Venture Fund (the Fund) conform to accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the accounting principles are described below.

Authorizing Legislation

The Small Enterprise Growth Program was established in 1996 by the State of Maine legislature through the enactment of L.D. 1831 “An Act to Create the Small Enterprise Growth Program.” The law created the Fund as a revolving fund. The Fund is an instrumentality and component unit of the State of Maine and is a tax-exempt entity.

Purpose of the Fund

The Fund is used to provide capital to small Maine businesses that show potential for high growth and public benefit, but are unable to obtain adequate conventional financing from financial institutions. The State of Maine capitalized the Fund by issuing general obligation bonds. The initial capitalization was \$5,000,000. The Fund received an additional \$1,000,000 of capital in fiscal year 2008 from proceeds of a State of Maine economic development bond, \$3,000,000 of capital in fiscal year 2001 from general fund appropriations of the State of Maine, and \$4,000,000 in fiscal year 2011 from a state economic development bond. In fiscal year 2019, the Fund received an additional \$5,000,000 from a State of Maine economic development bond along with an additional \$500,000 from general fund appropriations of the State of Maine. In fiscal year 2021 and 2022, the Fund received an additional \$450,000 and \$500,000, respectively, from general fund appropriations from the State of Maine. Currently, financing is provided to qualifying business enterprises through lending arrangements and direct equity investments. Lending agreements generally provide for the issuance of warrants to the Fund or the option of converting its investment from debt to equity through the use of convertible debentures. The Fund also makes direct equity investments in Maine businesses. Operating activities of the Fund include lending and direct equity investments.

In June 2010, the State Legislature amended the statute governing the Fund to broaden the powers of the Board of Directors. The new authority given to the Board allows it to take capital from individuals and entities other than the State for investment in Maine Companies through return-based “side car” funds. Through June 30, 2022, the Fund had not exercised such powers.

Basis of Accounting

The accounts of the Fund are maintained in accordance with the principles of “fund accounting.” These principles require that resources for various purposes be classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified. The Fund only has one fund, which is a proprietary fund. Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and collectibility is assumed and expenses are recorded at the time liabilities are incurred.

**SMALL ENTERPRISE GROWTH FUND D/B/A MAINE VENTURE FUND
(A COMPONENT UNIT OF THE STATE OF MAINE)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

1. Organization and Significant Accounting Policies (Continued)

Fund Administration

The Fund is overseen by the Small Enterprise Growth Board which establishes rules for operations, approves and denies applications and monitors investment agreements on an ongoing basis. The Governor of the State of Maine appoints the Board members.

The Fund is administered and maintained by the Finance Authority of Maine (the Authority) per statute. The Board of the Fund has engaged a Fund Manager to provide management and oversight of the Fund.

Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management of the Fund to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant estimates utilized in the preparation of the financial statements of the Fund relate to the allowance for losses on notes receivable and the valuation of investments. The Fund's investments are not traded in an active market. Because the Fund lends to and invests in small start-up businesses, some of which have not begun to generate revenues, there is a significant risk that such estimates could be revised substantially in the future.

Cash Equivalents

For purposes of preparing the statements of cash flows, the Fund considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. At June 30, 2022 and 2021, the Fund's cash equivalents consisted of amounts held in the State of Maine Treasurer's cash pool and bank deposits.

Investments

The Fund makes direct equity investments in Maine businesses. These investments consist of Common and Preferred Stock and Units in Limited Liability Companies. These investments are not actively traded, nor are they insured. The Fund's ownership interest in any of these businesses is normally less than 20% at any given time. The Fund owns all investments directly, therefore, there is no custodial credit risk. Investments are carried at cost on the Fund's statements of net position until there is evidence of a decrease in fair value as estimated by management in the absence of readily determinable fair values. It is the Fund's policy to review each investment for probable loss and if necessary, to write down the investment through a charge to operating expenses. Realized gains on the sale of investments are determined based on the specific identification method.

**SMALL ENTERPRISE GROWTH FUND D/B/A MAINE VENTURE FUND
(A COMPONENT UNIT OF THE STATE OF MAINE)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

1. Organization and Significant Accounting Policies (Continued)

The following is a summary of the cost basis and the carrying value of investments at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Cost basis	\$ <u>11,242,177</u>	\$ <u>9,770,356</u>
Carrying value	\$ <u>9,181,502</u>	\$ <u>6,641,988</u>

The carrying value of \$9,181,502 at June 30, 2022 consists of investments in twenty-seven companies, none of which constitute a material concentration of the Fund's recorded net investment balance. At June 30, 2021, the carrying value of \$6,641,988 consisted of investments in twenty-four companies, one of which had a balance greater than 10% of the Fund's recorded net investment balances. This investment made up \$754,870 of the carrying value at June 30, 2021.

Notes Receivable

Notes receivable are carried at the principal amounts outstanding. Interest income on notes receivable is recorded only when collectibility of principal and interest are probable, otherwise interest income is recorded on a cash basis.

Allowance for Losses on Notes Receivable

The Fund has established an allowance for losses on notes receivable. The allowance for losses account is established through a provision for losses charged to operations. The amount of the allowance is determined by management's evaluation of the notes receivable portfolio. The evaluation takes into consideration such factors as the volume of the portfolio, overall portfolio quality, specific problem borrowers and current economic conditions that may affect the borrowers' ability to repay. Management believes that the allowance for losses is adequate. While management uses available information to recognize losses, changing economic conditions and the economic prospects of the borrowers might necessitate future additions to the allowance. It is the Fund's policy to review each note receivable for potential loss and establish specific allowances if necessary.

Operating Revenues and Expenses

Operating revenues include interest earned on notes receivable, investment and dividend income, realized gains on sale of investments and grant income. Operating expenses include professional fees and services, payroll and administrative expenses and other costs of providing services and operating the program.

**SMALL ENTERPRISE GROWTH FUND D/B/A MAINE VENTURE FUND
(A COMPONENT UNIT OF THE STATE OF MAINE)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

1. Organization and Significant Accounting Policies (Continued)

Risks and Uncertainties

The outbreak of the COVID-19 pandemic has caused significant disruptions in the U.S. economy and to the State of Maine. Companies that the Fund holds a direct investment in, or notes receivable from, have been impacted by the pandemic. Management of the Fund is monitoring the impact that the pandemic will have on the carrying value of its notes and investments on an ongoing basis. Future uncertainties could impact the carrying value of notes and investments, though such potential impact is unknown at the date of these financial statements.

2. Cash Equivalents

The Fund does not have a formal deposit or investment policy. However, monies that are not needed for immediate use are invested with the State of Maine. The Treasurer of the State of Maine sponsors an investment pool (State of Maine Treasurer's Cash Pool). The Fund's participation is voluntary. The State of Maine's investment pool is primarily comprised of investment vehicles with short maturities and management of the Fund characterizes the investments within the pool as low risk. The State of Maine Treasurer's Cash Pool is not rated by external rating agencies. The Fund is able to make withdrawals from the State of Maine investment pool at par with little advance notice and without penalty. The Fund's management considers this investment vehicle a money market instrument and generally carries the amounts in the pool at fair value, which approximates cost. Cash equivalents consisted of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Bank deposits	\$ 273,799	\$ 295,043
State of Maine Treasurer's cash pool	<u>6,467,959</u>	<u>8,806,534</u>
	<u>\$6,741,758</u>	<u>\$ 9,101,577</u>

At June 30, 2022 and 2021, bank deposits had a bank balance of \$290,190 and \$313,615, respectively, and a carrying amount of \$273,799 and \$295,043, respectively. The difference between the carrying amount of deposits and bank balance consists primarily of checks issued but not cashed and deposits in transit. At June 30, 2022 and 2021, \$250,000 of bank deposits are covered by Federal depository insurance and \$40,190 and \$63,615, respectively, are uninsured.

3. Notes Receivable

The following is a summary of notes receivable at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Note dated February 2018, interest at 5%, interest accrued until maturity, due February 2023. This note is unsecured.	\$ 39,398	\$ 39,398

**SMALL ENTERPRISE GROWTH FUND D/B/A MAINE VENTURE FUND
(A COMPONENT UNIT OF THE STATE OF MAINE)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

3. Notes Receivable (Continued)

	<u>2022</u>	<u>2021</u>
Note dated May 2018, interest at 5%, interest accrued until maturity, due May 2023. This note is unsecured.	\$ 61,700	\$ 61,700
Note dated March 2019, interest at 5%, interest accrued until maturity, due January 2021. This note is unsecured and fully reserved.	5,000	5,000
Note dated August 2018, interest at 8%, interest accrued until maturity, due August 2021. This note is unsecured and was converted to stock in 2022.	–	145,860
Note dated May 2019, interest at 8%, interest accrued until maturity, due May 2022. This note is unsecured and was converted to stock in 2022.	–	50,000
Note dated March 2019, interest at 5%, interest accrued until maturity, due March 2024. This note is unsecured.	45,000	45,000
Note dated March 2020, interest at 7%, interest accrued until maturity, due February 2022. This note is unsecured and was converted to stock in 2022.	–	50,000
Note dated April 2020, interest at 6%, interest accrued until maturity, due April 2025. This note is unsecured.	150,000	150,000
Note dated November 2020, interest at 6%, interest accrued until maturity, due June 2023. This note is unsecured.	150,000	150,000
Note dated December 2019, interest at 5%, interest accrued until maturity, due June 2023. This note is unsecured.	100,000	100,000
Note dated April 2020, interest at 6%, interest accrued until maturity, due April 2025. This note is unsecured and was converted to stock in 2022.	–	122,930
Note dated December 2019, interest at 18%, interest accrued until maturity, due December 2022. This note is unsecured.	50,000	50,000
Note dated December 2019, interest at 8%, interest accrued until maturity, due September 2021. This note is unsecured and was converted to stock in 2022.	–	200,000
Note dated December 2020, interest at 6%, interest accrued until maturity, due December 2025. This note is unsecured and was converted to stock in 2022.	–	100,000
Note dated March 2021, interest at 4%, interest accrued until maturity, due March 2026. This note is unsecured.	100,000	100,000
Note dated November 2020, interest at 6%, interest accrued until maturity, due November 2025. This note is unsecured and was converted to stock in 2022.	–	75,000
Note dated March 2021, interest at 8%, interest accrued until maturity, due December 2021. This note is unsecured.	–	39,735
Note dated October 2020, interest at 5%, interest accrued until maturity, due October 2022. This note is unsecured and was converted to stock in 2022.	–	75,000
Note dated April 2021, interest at 6%, interest accrued until maturity, due January 2026. This note is unsecured.	44,000	44,000

**SMALL ENTERPRISE GROWTH FUND D/B/A MAINE VENTURE FUND
(A COMPONENT UNIT OF THE STATE OF MAINE)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

3. Notes Receivable (Continued)

	<u>2022</u>	<u>2021</u>
Note dated April 2020, interest at 5%, interest accrued until maturity, due May 2026. This note is unsecured and was converted to stock in 2022.	\$ —	\$ 150,000
Note dated March 2021, interest at 5%, interest accrued until maturity, due March 2026. This note is unsecured and was converted to stock in 2022.	—	50,000
Note dated September 2021, interest at 8%, interest accrued monthly, due September 2025. This note is unsecured.	63,339	—
Note dated May 2022, interest at 4%, interest accrued until maturity, due May 2027. This note is unsecured.	100,000	—
Note dated May 2022, interest at 5%, interest accrued until maturity, due May 2027. This note is unsecured.	100,000	—
Note dated April 2022. The note bears no interest rate and is converted to equity upon a qualifying event.	<u>50,000</u>	<u>—</u>
	1,058,437	1,803,623
Allowance for losses	<u>(5,000)</u>	<u>(102,430)</u>
Notes receivable, net	1,053,437	1,701,193
Current portion of notes receivable, net	<u>401,098</u>	<u>637,629</u>
Noncurrent portion of notes receivable, net	\$ <u>652,339</u>	\$ <u>1,063,564</u>

The following is the activity in the allowance for losses on notes receivable during the years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Allowance for losses on notes:		
Beginning balance	\$102,430	\$ 92,514
Provision for losses	500	9,916
Charge-offs	—	—
Transfer upon note conversion	<u>(97,930)</u>	<u>—</u>
Ending balance	\$ <u>5,000</u>	\$ <u>102,430</u>

The Fund's lending activities are conducted in the State of Maine. The ability and willingness of the borrowers to honor their repayment commitment is generally dependent on the health of the economic sector in the borrower's geographical area, the general economy and the borrower's financial condition. Notes receivable are issued to start-up businesses.

Certain financing agreements entered into with the business enterprises contain a provision enabling the Fund to acquire an equity interest in the business through a convertible debenture that gives the Fund future options to convert its investments from debt to equity.

**SMALL ENTERPRISE GROWTH FUND D/B/A MAINE VENTURE FUND
(A COMPONENT UNIT OF THE STATE OF MAINE)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

4. Commitments

At June 30, 2022, the Fund did not have any commitments to provide financing to small Maine businesses. The Fund uses the same process in making commitments as it does for actual financing activities.

5. Warrants

The Fund has entered into financing agreements with business enterprises that may contain a provision enabling the Fund to acquire an equity interest in the business through warrants to purchase common stock at a set price in the future and contain put and call provisions. The warrants are considered a separate investment; however, the Fund has not assigned any value to the warrants at June 30, 2022 or 2021 because there is no market for the warrants and the business enterprises are in the start-up and development phase, and as a result, the value of their common stock and related warrants is impractical to determine.

6. Transactions with the Finance Authority of Maine

The Authority provides certain financial management, legal assistance and legislative liaison services for the Fund. The Authority charges the Fund for services rendered and the fees paid to the Authority are authorized by the Fund's Board. Included in general and administrative expenses in the 2022 and 2021 statements of revenues, expenses and changes in net position, is approximately \$6,000 paid to the Authority for such services. On October 4, 2022, the Fund signed an agreement with the Authority to receive monies under the State Small Business Credit Initiative (SSBCI). SSBCI was established by the *Small Business Act of 2010* as amended by the *American Rescue Plan Act of 2021*. The Fund is an approved "participating State program" under SSBCI.

7. Total Net Position

The following schedule presents the components of total net position as of June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Contributed capital	\$20,456,767	\$19,956,767
Accumulated deficit	<u>(3,296,631)</u>	<u>(2,429,153)</u>
Total net position	<u>\$17,160,136</u>	<u>\$17,527,614</u>

There are no restrictions on net position at June 30, 2022 and 2021. The Fund's unrestricted net position is generally reserved for program related activities.

8. Risk Management

The Fund carries insurance to cover its exposure to various risks of loss. There were no uninsured losses during the last three years.

ADDITIONAL INFORMATION

**SMALL ENTERPRISE GROWTH FUND D/B/A MAINE VENTURE FUND
(A COMPONENT UNIT OF THE STATE OF MAINE)**

SCHEDULE OF ACTIVITIES

Year Ended June 30, 2022

<u>Functions/ Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Capital Grants/ Contributions</u>	<u>Net Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Program Investment Income</u>	<u>Operating Grants and Contributions</u>		<u>Total</u>
Business-type activities:						
Capital investment program	\$ <u>(1,107,839)</u>	\$ <u>—</u>	\$ <u>212,986</u>	\$ <u>—</u>	\$ <u>—</u>	\$ (894,853)
		General revenues:				
						<u>27,375</u>
						<u>27,375</u>
						(867,478)
						500,000
						<u>17,527,614</u>
						<u>\$17,160,136</u>